

## **SECTION II – SPECIFIC COMPLIANCE**

### **SINGLE AUDIT**

#### **Federal and State Audit Requirements**

##### **Federal Single Audit Act**

The Single Audit Act Amendments of 1996 (Act) establishes uniform requirements for audits of Federal awards administered by non-Federal entities. The Act promotes sound financial management, including effective internal controls, with respect to Federal Awards administered by non-Federal entities. The Federal Office of Management and Budget (US OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, provides the government wide guidelines and policies on performing audits to comply with the Single Audit Act and requires the use of generally accepted government auditing standards (GAGAS). US OMB issued a revised version of Circular A-133 in June 2003. Non-federal entities that expend \$500,000 or more in a year in Federal awards are required to have a Single Audit in accordance with provisions in Circular A-133. The revised version of Circular A-133 is available through the web site, <http://www.whitehouse.gov/omb/circulars/index.html> under the link for Circulars.

The Act requires that GAGAS be followed in audits of state and local governments. *Government Auditing Standards* issued by the Comptroller General of the United States addresses the standards and guidance generally known as GAGAS. The current audit standards are specified in *Government Auditing Standards (the 2003 Yellow Book)*. This most current version is effective for financial audits of periods ending on or after January 1, 2004 and supersedes the 1994 revision, including Amendments 1 through 3. A printed copy of the document can be purchased from the Government Printing Office (GPO) - Superintendent of Documents (202) 512-1800 or via the GPO web site at <http://bookstore.gpo.gov>. When ordering this document, refer to Stock Number 020-000-00284-1. *The 2003 Yellow Book* is also available in electronic format through the GAO website [www.gao.gov](http://www.gao.gov).

When auditing federal programs, auditors are strongly advised to use the *OMB 133 Compliance Supplement* (Compliance Supplement) in Appendix B of Circular A-133. USOMB Circular A-133 is available on the Internet at <http://www.omb.gov> (click on Circulars). At that site, under A-133 select Appendix B: March 2004 Compliance Supplement, and at the table of contents, select the appropriate department (e.g., Dept of Agriculture, Dept. of Education, Dept. of Health and Human Services).

A list of changes for the *2004 Compliance Supplement* can be accessed at Appendix V of the document. The *2004 Compliance Supplement* is available for sale from the GPO by calling (202) 512-1800. The stock number for this document is 041-001-00593-5.

**The applicable Catalog of Federal Domestic Assistance (CFDA) number for a federal grant or federal aid can be found on the New Jersey Department of Education (NJDOE) Contract. A listing of grants available through NJDOE with their CFDA numbers is in this chapter of the Audit Program (Section II-SA) and the auditor can look up a program at the CFDA web site: <http://www.cfda.gov/public> either by clicking on the link to All Programs Listed Numerically or accessing the CFDA 2003 Edition (PDF) and selecting an index by agency or the alphabetical index. The numeric listing can be directly accessed at <http://www.cfda.gov/public/allprogs.asp>.**

##### **State of New Jersey Single Audit Act**

NJ State Office of Management and Budget (NJOMB) Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* (NJOMB 04-04) supercedes NJOMB 98-07 and

establishes State policy and procedures regarding audits of grant and State aid recipients, and outlines the responsibilities of state agencies and grant recipients to ensure that recipient audits are performed according to Federal and State requirements. NJOMB 04-04 is available on the website: <http://www.state.nj.us/infobank/circular/cir0404b.htm>. The revision raises the threshold for a single audit to \$500,000 or more expended in federal financial assistance or State financial assistance within the recipient's fiscal year. This revision did not change the requirement that recipients which expend less than the threshold of \$500,000 in federal or State financial assistance within their fiscal year, but expend \$100,000 or more in State and/or federal financial assistance within their fiscal year, must have either a financial statement audit performed in accordance with *Government Auditing Standards (Yellow Book)* or a program-specific audit performed in accordance with the Act, Amendments, OMB A-133 Revised and State policy. Compliance requirements for the Department of Education (and other departments) are contained in the State Grant Compliance Supplement which is published to assist auditors in testing recipient compliance with state grant and State aid financial assistance programs and applicable laws and regulations which is available on the Internet at <http://www.state.nj.us/treasury/omb/> (see Highlights).

### AICPA Single Audit Guidance

In 2003, the AICPA converted the Statement of Position (SOP) 98-3, *Audits of States, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards* (Guide for Federal Awards) into an AICPA Audit Guide of the same title. This Guide for Federal Awards provides guidance on the auditor's responsibilities when conducting a single audit or program specific audit in accordance with the Single Audit Act Amendments of 1996 and USOMB Circular A-133. The Guide for Federal Awards incorporates guidance from the following:

- The Single Audit Act Amendments of 1996,
- OMB Circular A-133,
- AICPA Statement on Auditing Standards (SAS) No. 74 *Compliance Auditing Considerations in Audits of Government Entities and Recipients of Governmental Financial Assistance*
- *Government Auditing Standards*
- OMB Circular A-133 Compliance Supplement.

### Risk based Approach

If a school district is being audited for the second time under Circular A-133 the auditor must follow the risk-based approach to determine major programs in accordance with section .520 of Circular A-133. Section .520(i) of Circular A-133 allows auditors to deviate from the use of the required risk-based approach when determining major programs during the first year that an entity is audited under the revised Circular A-133 or the first year of a change of auditors.

NJOMB Circular Letter 04-04 also requires the use of the same risk based approach to audit and monitor State financial assistance as used in federal programs. The AICPA's Guide for Federal Awards and the USOMB Circular A-133 (Section .520) should be referenced for guidance on this approach.

### Schedules of Expenditures of Federal Awards and State Financial Assistance

All special projects including those funded by pass-through monies, other than those funded locally under the general fund, must be separately accounted for in the school district accounting records. The CAFR must include a separate *Schedule of Expenditures of Federal Awards* (Schedule A) and a separate *Schedule of Expenditures of State Financial Assistance* (Schedule B). The format of the schedules included in the sample CAFR was designed to provide the history of a grant from its initial award to the final disposition of the funds through either their expenditure or their refund to the grantor. Instructions

regarding schedule preparation are included in this section of the Audit Program. Please note the titles of these schedules are as indicated in USOMB Circular A-133 and NJOMB Circular Letter 04-04.

Federal Awards: Carryover/Deferred Revenue/Due Back to Grantor

In the event that the budgetary expenditure incurred by the district is less than the amount of federal aid cash received (special revenue only), the district shall apply for carryover where permissible by statute after completion of the project period. Those funds not available for carryover but with a grant expiration date beyond June 30th, are not due to the grantor until the grant expiration date has elapsed. In this situation, excess cash received shall be reported as deferred revenue on the *Schedule of Expenditures of Federal Financial Assistance* (Schedule A) of the audit report, in the column entitled "Deferred Revenue." When the amount of cash received is less than budgetary expenditures, a receivable shall be shown as a negative amount on Schedule A, in the column entitled "(Accounts Receivable)." No negative cash balances are permissible in the balance sheet. There should be an interfund payable set up to reflect advances from the General Fund.

When no carryover application is made, when current grant funds are expired or when prior year entitlement funds are expired, the funds shall be refundable to the department and shall be reported on Schedule A, column entitled "Due to Grantor." All funds that have been refunded during the fiscal year shall be shown on Schedule A, column entitled "Repayment of Prior Year Balances."

The following state/federal guidelines are applicable for grant close out procedures:

Code of Federal Regulations: Title 34 Education [Part 80 – Sec. 80.50 Closeout]

(d)(2): "The grantee must immediately refund to the Federal agency any balance of unobligated (unencumbered) cash advanced that is not authorized to be retained for use on other grants."

The No Child Left Behind Act (NCLB) of 2001 (P. L. No. 107-110) reauthorizes the Elementary and Secondary Education Act of 1965 (ESEA). NCLB contains fiscal compliance issues including, but not limited to, supplement not supplant, commingling of funds, allowable costs, administrative costs caps, maintenance of fiscal effort, comparability, transferability, and schoolwide programs. NCLB Policy Guidance is available at <http://www.nclb.gov>. The New Jersey NCLB reference Manual includes fiscal guidance in Section IV "Fiscal Regulations and Responsibility" of the FY 2004 NCLB Application available at <http://www.nj.gov/njded/grants/entitlement/nclb/>. Auditors are also advised to obtain the Federal OMB-133 March 2004 Compliance Supplement available at [www.omb.gov](http://www.omb.gov) (click on circulars at the lower left and scroll down to OMB -133).

It should be noted that pursuant to the *Elementary and Secondary Education Act* (ESEA) as amended by NCLB, the U.S. Department of Education has provided guidelines for preparing the schedule of expenditures of federal financial awards when grantees transfer amounts between ESEA programs, consolidate administrative funds of ESEA programs or combine ESEA funds in a schoolwide program. For pre-NCLB programs, the ESEA Compliance Supplement should be referenced for these guidelines. **Auditors are advised to obtain the most recent Federal Compliance Supplement, available on the Internet website: <http://www.ed.gov/legislation/ESEA>.**

Federal Awards: Title I schoolwide status

All non-Abbott schools with an approved Title I schoolwide program may combine certain federal funds. If the school does combine these resources, the expenditures are then accounted for down to the function object level as a combined federal source. Those expenditures will need to be allocated back to the original federal funding sources at June 30, in a manner similar to that applied to the Blended Resource

Fund 15 in an Abbott Whole School Reform School. This activity for the non-Abbotts will be recorded in Fund 20, not Fund 15. See the Abbott Addendum for guidance on how to perform the calculations and report the schoolwide programs in the CAFR. This also applies to all Abbott schools with an approved Title I schoolwide program in the 2003-04 school year.

#### State Awards: Carryover/Deferred Revenue/Due Back To Granter

Under CEIFA, restricted formula aids (DEPA, ECPA, ISA, and DLNA) which are not fully expended or encumbered by year end must be carried over and reported as deferred revenue on Schedule B in the column entitled "Deferred Revenue".

Districts may not carry over Nonpublic state aid. In the event the budgetary expenditure incurred by a district is less than the amount of state aid cash received (Nonpublic), the district shall refund the unexpended state aid after the completion of the school year. Refunds of unexpended state aid for Chapters 192 and 193 shall be paid no later than December 1 (*N.J.S.A.* 18A:46-19.8 and 18A:46A-14). The Division of Finance will adjust the amount of aid based on the unexpended balances reported on the *Schedule of Expenditures of State Financial Assistance* (Schedule B) of the single audit report, column entitled "Due to Grantor", if the refund is not received by December 1.

The following state guidance is applicable for grant close out procedures:

#### Circular Letter 89-19-OMB: XXIV

(C) "The Grantee will, together with the submission of the final report, refund to the Department any unexpended funds or unobligated (unencumbered) cash advanced, except such sums that have been otherwise authorized in writing by the Department to be retained."

#### **Preparing the Schedules of Expenditures of Federal Awards and State Financial Assistance**

Two separate schedules, the *Schedule of Expenditures of Federal Awards* and the *Schedule of Expenditures of State Financial Assistance*, are prepared from the district records and must include all active (i.e. - not closed) financial assistance programs in which a district is participating regardless of the fund in which they are accounted. Each schedule must reflect the current fiscal year's activity as well as total disbursements by program in the format presented in this chapter of the Audit Program (II-SA-20, 21). The information presented on these schedules must agree with the amounts reported in the *Budgetary Comparison Schedules* and the *Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund – Budgetary Basis*. Explanations of the information required to be included are presented below.

These schedules are prepared using budgetary expenditures which must be reconciled to the *Balance Sheet – Governmental Funds* on the *Budget to GAAP Reconciliation in the Notes to RSI*. The adjustment for the state aid payments made in July 2003 (recognize on GAAP in 2003-04) and July 2004 (not recognized on GAAP until 2004-05) (general and special revenue fund) as well as encumbrances in the special revenue fund will be reported as reconciling items. See Section I-8 and III-3 for additional guidance.

The schedules of expenditures of federal awards and expenditures of state financial assistance must be in the same format as those shown in the sample schedules in this chapter, including all columns, even if left blank. Schedules must be subtotaled by grantor and reflect grand totals for the following columns: Budgetary Expenditures, (Intergovernmental Accounts Receivable), Deferred Revenue and Due to

Grantor. The value of noncash assistance must be included on the applicable schedule or a note in the schedule. In addition, federal programs included in a cluster of programs must be listed individually.

***Auditor's Note*** – Auditors should review The Abbott Addendum for items that specifically relate to Abbott districts.

### **Definitions/Headers**

- 1) **Grantor/Program Title:** This column designates the original grantor department/agency (grantor) of the financial assistance and the name of the assistance program. Programs are classified by grantor and are further delineated within grantor as to direct or pass-through programs. The schedule must identify the program as direct or pass-through. When there are several active grants within the same program they will be presented separately within the schedule.
- 2) **Federal CFDA Number:** This is applicable to the *Schedule of Expenditures of Federal Awards* only and represents the federal program number obtained from the Catalog of Federal Domestic Assistance (CFDA). When the CFDA number is not available, this fact should be noted and the program should be identified by an other identifying number, if available.
- 3) **Grant (Contract) or State Project Number (State Aid NJCFS Number):** This is applicable to the *Schedule of Expenditures of State Financial Assistance* only and is the state identifying number that can be obtained in a latter page of this chapter of the Audit Program (II-SA) or from the NJ State Appropriations Handbook. It is used by the NJ Department of Education for monitoring and reconciling state awards.
- 4) **Grant Period:** Represents the initial period for which the program was awarded.
- 5) **Program/Award Amount:** Designates the amount of the initial program award. The full amount of the award or grant agreement should be reported in this column. **Noncash awards such as a state grant for facilities (EDA/SCC grants) which are paid directly by the EDA/SCC to the vendors are included in this column and may be notated (NC).**
- 6) **Balance at June 30, 2003:** This is used to present deferred revenue, intergovernmental accounts payable (due to grantor), or intergovernmental accounts receivable for those prior year programs which have balances as of the end of the prior fiscal year. On the *Schedule of Expenditures of Federal Awards* these amounts are shown netted in one column, but the district may separate them into multiple columns. On the *Schedule of Expenditures of State Assistance* a separate column is presented for Due to Grantor. A positive amount reflects deferred revenue or intergovernmental accounts payable. A negative amount for unrestricted revenue sources represents an intergovernmental accounts receivable and a negative amount for restricted revenue sources represents a deficit in the program attributable to the deferral of the last state aid payment as required GAAP reporting under GASB 33. The Accounts Receivable, Deferred Revenue and Due to Grantor amounts must agree with the preceding year applicable schedule of expenditures of federal awards or state assistance. The budgetary receivable included in the 2002-03 *Schedule of Expenditures of State Assistance* is not included in this column.
- 7) **Carryover/(Walkover) Amount:** Reflects the movement of award proceeds which have been approved for carryover into a carryover program code. Note that any walkover amount must be reflected as a negative amount on the line from which it was transferred, and a positive amount on the grant/aid program line to which it was transferred. Prior year state restricted formula aids would be reflected in this column. **Where a deficit (negative in the Balance at June 30, 2003 column) in**

the preceding year was attributable to the deferral of the last state aid payment (GASB 33 GAAP revenue recognition), the Carryover/(Walkover) column will show a positive on the line for the previous year and a negative on the line for the audit year. This would occur only in the restricted state aid programs.

- 8) **Cash Received:** Reflects the amount of cash received during the current fiscal year for the applicable financial assistance program.
- 9) **Budgetary Expenditures:** Represents the total costs chargeable to the program during the current fiscal year on a budgetary basis. The budgetary expenditures amount must agree with the *Budgetary Comparison Schedules* (General Fund and Special Revenue Fund) and the *Budgetary Comparison Schedule, Note to RSI* and the *Special Revenue Combining Schedule of Program Revenues and Expenditures – Budgetary Basis*.

For Demonstrably Effective Program Aid, this reflects the total actual DEPA expenditures per the District-Wide DEPA Schedule. For Early Childhood Program Aid, this reflects the total actual expenditures for ECPA, excluding the amount transferred from the General Fund to fund ECP. Budgetary expenditures include contribution to charter schools.

- 10) **Adjustments:** In instances where a grant period overlaps fiscal years and the grant has not closed out as of the end of the current fiscal year, favorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in the prior fiscal year should be included in the *Schedule of Expenditures of Federal Awards* (Schedule A) and *Schedule of Expenditures of State Financial Assistance* (Schedule B) in a column entitled “Adjustments.” This column would not be used for differences in the liquidation of encumbrances on grants which have closed out as of the end of the current fiscal year since these differences would affect current year expenditures. Reporting this information separately from current year expenditures will provide a clearer indication of the grant activity during a period of time. Any amount reported as an adjustment in the Schedule A or Schedule B must be fully explained in the *Notes to the Schedules of Expenditures of Awards and Financial Assistance*, including the reason for the adjustment and the period to which it pertains. The district should include a column for Adjustments only if it is applicable.
- 11) **Repayment of Prior Years' Balances:** Repayments are made during the current fiscal year to a grantor for unexpended funds on a program whose grant period has expired and no carryover was granted or allowed. Do not list Repayment of Prior Years' Balances unless refunds have been sent to the Grantor during the current year. The district should include a column for Repayment of Prior Years' Balances only if it is applicable.
- 12) **(Intergovernmental Receivable) at June 30, 2004:** Amounts due from the grantor, as of fiscal year end, are reflected here. The amounts reported must agree with the amounts reported in the Balance Sheet (Exhibit B-1) for the governmental funds or with the Food Service column in the Statement of Net Assets (Exhibit B-4) for the Proprietary Funds.
- 13) **Deferred Revenue at June 30, 2004:** Unexpended award proceeds as of fiscal year end which are expendable in the subsequent fiscal year are reflected here. These amounts must reconcile to the amounts reported in the *Basic Financial Statements*. For *Demonstrably Effective Program Aid*, *Early Childhood Program Aid*, *Instructional Supplement Aid*, if the district has deferred revenue, the amount reported in the Schedule B plus the state aid payment made in July of the subsequent year for each aid should agree to the amount calculated on the Special Revenue Restricted Aid Schedules as actual carryover.

- 14) **Due to Grantor at June 30, 2004:** Unexpended award proceeds which are due back to the grantor as of fiscal year end are listed here. These amounts are reflected in the general ledger as Intergovernmental Accounts Payable and should reconcile to the amounts reported in the *Basic Financial Statements* and in the *Combining Schedules* by the amount of the state aid payment (general and special revenue fund) made in July of the subsequent year. This column will be utilized by the Department of Education to identify and collect moneys due to the state for federal and state programs. If a district has amounts due back to the grantor at the end of the fiscal year, that amount must appear in the Due to Grantor column of the current fiscal year, and also in each subsequent year's CAFR as a balance at June 30 of the prior year until the amount is ultimately repaid. If a district has no unexpended award proceeds due back to the grantor, show the column heading and leave the column blank.
- 15) **Budgetary Receivable:** The amount reported in the first MEMO column on *Schedule of Expenditures of State Financial Assistance* is computed using the Program/Award amount less the cash received. A deficit in a program can not exceed this amount.
- 16) **Cumulative Total Expenditures:** This column is a memo only column, used on the *Schedule of Expenditures of State Financial Assistance*, and reports the cumulative expenditure of a grant. If the grant crosses fiscal years the amount may differ from the budgetary expenditures since the budgetary expenditures represents expenditures for only the current fiscal year. These amounts will most likely be the same for most forms of state aid reported by NJ school districts.

### **Specific Program Information**

The award amount and budgetary expenditure figures for general fund state aids other than TPAF/Social Security reimbursements should be equal and agree with the amount shown as revenues for the applicable state aid in the budgetary statements/schedules. This also applies to on-behalf TPAF Pension amounts which must be included in the *Schedule of Expenditures of State Financial Assistance*.

TPAF/Social Security reimbursements must be reflected on the *Schedule of Expenditures of State Financial Assistance*. Any receivable outstanding from the prior year should be shown on a separate line. The current year award and expenditure amount represents the total of the amounts submitted for reimbursement during the current year. The uncollected balance (cash received minus amount billed) is shown as intergovernmental accounts receivable at year-end.

Food Distribution Program (formally USDA Commodities) should be presented in the schedule at the full cash equivalent value. The award and cash received amounts should be the value of the commodities distributed during the year. The budgetary expenditures amount is the amount of inventory consumed and the deferred revenue amount is the ending inventory amount.

### **Audit Findings**

The identification of major programs with an asterisk (\*) in the schedule of expenditures of federal awards and state financial assistance is not required. This information is included in the Schedule of Findings and Questioned Costs prepared by the auditor.

The Auditor's Management Report and the Schedule of Findings and Questioned Costs must indicate whether the district has not complied with federal and state regulations in a timely manner. Grant refunds are to be submitted with the Final Expenditure Reports. Discretionary grant refunds are required by the department upon approval of the final expenditure report. If grant periods extend beyond the audit

deadline of June 30<sup>th</sup>, unexpended funds should be listed as Deferred Revenue and refunded with the Final Expenditure Reports. Do not list Repayment of Prior Years' Balances unless refunds have been sent to the Grantor. If the school district Schedule of Finding and Questioned Costs or Audit Findings indicate that refunds are due, the refunds are to be submitted promptly with an explanation regarding the findings.

Corrective Action Plans filed by the district with the grantor indicate non-compliance issues. Auditors should review the school district's Findings, the Schedule of Findings and Questioned Costs and the schedules listed above. When a Corrective Action Plan has been adopted by the district, the auditor must consider the impact of the potential non-compliance with the grant terms on the financial statements (CAFR).



**FEDERAL PROGRAM NUMBERS  
FROM CATALOG OF FEDERAL  
DOMESTIC ASSISTANCE  
(List Not All Inclusive)**

CFDA #

10.550	Food Donation
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
10.564	Nutrition Education and Training Program
47.049	Statewide Systemic Initiative in Science, Mathematics and Engineering Education
84.002A	Adult Education – Basic State Grant
84.010A	Title I Grants to Local Educational Agencies
84.011A	Migrant Education - Basic State Formula Grant Program
84.013A	Title I Program for Neglected and Delinquent Children
84.025A	Services for Children with Deaf-Blindness
84.027	Individuals with Disabilities - States Grant
84.040	Impact Aid – Facilities Maintenance
84.041	Impact Aid
84.048A	Vocational Education - Basic Grants to States
84.173	Special Education- Preschool Grants
84.184C	Community Service for Expelled or Suspended Students
84.185	Byrd Honors Scholarships
84.186A	Safe and Drug-Free Schools and Communities (SEA Portion)
84.186B	Safe and Drug-Free Schools and Communities (Governor’s Portion)
84.196	Education for Homeless Children and Youth
84.213C	Even Start – State Education Agencies
84.215V	Partnerships in Character Education

**FEDERAL PROGRAM NUMBERS (cont'd.)****CFDA #**

84.243A	Vocational Education – Tech Prep Education
84.282	Public Charter Schools
84.287C	After School Learning Centers (21 <sup>st</sup> Century)
84.298A	Innovative Education Programs Title V
84.318X	Enhancing Education through Technology
84.323A	State Program Improvement Grants
84.330	Advanced Placement Fee Program
84.332A	Comprehensive School Reform Dem Program
84.336A	Teacher Quality Enhancement State/Partnerships Grants
84.357A	Reading First
84.358B	Rural and Low-Income Schools
84.365A	English Language Acquisition (SEA)
84.366B	Mathematics & Science Partnerships
84.367A	Improving Teacher Quality State Grants
84.367B	Improving Teacher Quality Grants SAHES (Higher Ed)
84.369A	State Assessments & Related Activities
93.576	Refugee Children School Impact
93.778	Medical Assistance Program
93.938	Improving the Health Education & Well-Being of Young People – Yr 2 of 5

**STATE AID AND STATE GRANT  
STATE ACCOUNT NUMBERS**

**GENERAL FUND**

04-495-034-5120 -022	Core Curriculum Standards Aid
04-100-034-5120 -339	Core Curriculum Standards Aid
04-495-034-5120 -023	Supplemental Core Curriculum Standards Aid
04-495-034-5120 -042	Abbott v. Burke Parity Remedy Aid
04-495-034-5120 -014	Transportation Aid
04-495-034-5120 -011	Special Education Aid
04-495-034-5120 -008	Bilingual Education Aid
04-495-034-5120 -030	Stabilization Aid
04-495-034-5120 -047	Stabilization Aid 3
04-495-034-5120 -033	Large Efficient District Aid
04-495-034-5120 -036	Aid for Districts with High Senior Citizen Populations
04-495-034-5120 -038	Stabilization Aid 2
04-495-034-5120 -044	Extraordinary Special Education Costs Aid
04-495-034-5120 -049	Additional Abbott v. Burke State Aid
04-495-034-5120 -057	Consolidated Aid
04-495-034-5120 -013	County Vocational Program Aid
04-495-034-5120 -039	Adult and Postsecondary Education Grants
04-495-034-5120 -052	Teacher Quality Mentoring
04-495-034-5120 -054	School Bus Crossing Arms
04-495-034-5120 -005	Payment for Institutionalized Children- Unknown District of Residence
04-100-034-5095 -050	Teacher's Pension and Annuity Fund
04-100-034-5095 -051	Social Security Tax
04-495-034-5120 -050	Regionalization Incentive Aid
04-495-034-5068 -001	School Choice Aid
04-100-034-5062 -032	Vocational Education
04-495-034-5068 -003	Charter School Aid

**SPECIAL REVENUE FUND**

04-495-034-5120 -025	Early Childhood Program Aid
04-495-034-5064 -002	Demonstrably Effective Program Aid
04-495-034-5120 -029	Instructional Supplement Aid
04-495-034-5120 -053	Character Education
04-495-034-5120 -055	Preschool Expansion Aid
04-100-034-5120 -064	N.J. Nonpublic Textbook Aid
04-100-034-5120 -066	N.J. Nonpublic Handicapped Aid
04-100-034-5120 -067	N.J. Nonpublic Auxiliary Services Aid
04-100-034-5120 -068	N.J. Nonpublic Auxiliary/Handicapped Transportation Aid
04-100-034-5120 -070	N.J. Nonpublic Nursing Services
04-100-034-5120 -373	N.J. Nonpublic Technology Initiative
04-100-034-5120 -074	Educational Information and Resource Center (EIRC)
04-100-034-5120 -072	Emergency Aid
04-100-034-5062 -026	Evening School for the Foreign Born
04-100-034-5062 -027	High School Equivalency

04- 100-034-5062 -028	Adult Literacy
04- 495-034-5120 -013	County Vocational Program Aid

**DEBT SERVICE FUND**

04-495-034-5120 -125	Debt Service Aid – State Support
04-100-034-5120 -016	Additional State School Building Aid – Chapters 10, 74 and 177

**ENTERPRISE FUND**

04-100-010-3360 -067	State School Lunch Program
04-100-010-3360 -066	Nonpublic Nutrition Aid
04-100-010-3360 -096	State School Breakfast Program

INSERT *SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
SCHEDULE A/ EXHIBIT K-3

Schedule of Expenditure of Federal Awards

To display the K-3 illustration, click on the following link:

[Single Audit](#)

Select the tab entitled "Schedule A"  
Selecting print will produce page II-SA.13 of The Audit Program.

INSERT *SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE*  
SCHEDULE B/ EXHIBIT K-4

Schedule of Expenditure of State Financial Assistance

To display the K-4 illustration, click on the following link:

[Single Audit](#)

Select the tab entitled "Schedule B"  
Selecting print will produce page II-SA.14 of The Audit Program.

\_\_\_\_\_  
**SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 20\_\_**

*Section I --Summary of Auditor's Results*

**Financial Statements**

[Reference – Section .510 of Circular OMB-133]

Type of auditor's report issued: \_\_\_\_\_

Internal control over financial reporting:

- 1) Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no
- 2) Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes \_\_\_\_\_ none reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes \_\_\_\_\_ no

**Federal Awards**

Internal Control over major programs:

- 1) Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no
- 2) Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major programs: \_\_\_\_\_

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? \_\_\_\_\_ yes \_\_\_\_\_ no

Identification of major programs:

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between type A and type B programs: \$ \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no

\_\_\_\_\_  
SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 20\_\_  
(continued)

*Section I --Summary of Auditor's Results (cont'd.)*

**State Awards**

Dollar threshold used to distinguish between type A and type B programs: \$ \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no

Internal Control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no

2) Reportable condition(s) identified that are not  
considered to be material weaknesses? \_\_\_\_\_ yes \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major programs: \_\_\_\_\_

Any audit findings disclosed that are required to be reported  
in accordance with NJOMB Circular Letter 04-04? \_\_\_\_\_ yes \_\_\_\_\_ no

Identification of major programs:

<b><u>State Grant/Project Number(s)</u></b>	<b><u>Name of State Program</u></b>
_____	_____
_____	_____
_____	_____
_____	_____

**Note to Preparer:** When a Federal or State single audit is not required -- do not include that Awards Section.



\_\_\_\_\_  
**SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 20\_\_**  
**(continued)**

*Section II -- Financial Statement Findings*

[This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*. See the AICPA Audit Guide *Audits of States, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards* for further guidance on this schedule]

**(Note to Preparer -- Identify each finding with a reference number and present in the following level of detail, as applicable. If there were no findings, state that no matters were reported.)**

**Finding XX-X**

**Criteria or specific requirement:**

**Condition:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**

\_\_\_\_\_  
**SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 20\_\_**  
**(continued)**

*Section III -- Federal Awards and State Financial Assistance Findings and Questioned Costs*

[This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04.]

**(Note to Preparer -- Identify each finding with a reference number. If there are no findings, state that no matters were reported. Findings that are required to be included in both Section II and Section III may be summarized in one section with a reference to the detailed reporting in the other section. When a Federal or State single audit is not required -- do not include that Awards Section.)**

**FEDERAL AWARDS**

**Finding XX-X**

**Information on the federal program(1):**

**Criteria or specific requirement:**

**Condition (2):**

**Questioned Costs (3):**

**Context (4):**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response (5):**

\_\_\_\_\_  
**SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 20\_\_**  
**(continued)**

*Section III -- Federal Awards and State Financial Assistance Findings and Questioned Costs (cont'd.)*

**STATE AWARDS**

**Finding XX-X**

**Information on the state program (1):**

**Criteria or specific requirement:**

**Condition (2):**

**Questioned Costs (3):**

**Context (4):**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response (5):**

- (1) Provide the federal program (CFDA number and title) and state program (NJCFPS number) and agency, the federal/state awards number and year, and the name of the pass-through entity, if applicable.
- (2) Include facts that support the deficiency identified in the audit finding.
- (3) Identify questioned costs as required by section .510(a)(3) and .510(a)(4) of Circular A-133 and NJOMB Circular Letter 04-04.
- (4) Provide sufficient information for judging the prevalence and consequences of the finding, such as the relation to the universe of costs and/or number of items examined and quantification of audit findings in dollars.
- (5) To the extent practical, indicate when management does not agree with the finding and/or questioned cost.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Districts which are required to have a federal and/or state single audit conducted in accordance with USOMB Circular A-133 and/or NJOMB 04-04 are responsible for preparing the summary schedule of prior audit findings and the corrective action plan as part of the Reporting Package required to be submitted to the Federal Clearinghouse and/or State funding departments. Districts should refer to USOMB Circular A-133 ¶ .315 for guidance on preparing these schedules.

As reference, the following excerpts from USOMB Circular 133 are provided:

- OMB 133, 500(e) states “The auditor shall follow-up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the auditee in accordance with ¶ 315(b) and report, as a current year audit finding, when the auditor concludes that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding. The auditor shall perform audit follow-up procedures regardless of whether a prior audit finding relates to a major program in the current year.”
- OMB 133, 315 (b)(1) states “If the audit findings were fully corrected, the summary schedule need only list the audit findings and state that corrective action was taken.”
- OMB 133, 315 (b)(2) states “When the audit findings were not corrected, or were only partially corrected, the summary schedule shall describe the planned corrective action as well as any partial corrective action taken.”
- OMB 133, 315 (b)(2) states “When corrective action taken is significantly different from corrective action previously reported in a correction action plan or in the Federal agency’s or pass-through entity’s management decision, the summary schedule shall provide an explanation.”

Below is a sample of the summary schedule of prior audit findings.

\_\_\_\_\_ SCHOOL DISTRICT  
**SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 20\_\_**

[This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB Circular A-133 (¶.315 (a)(b)) and NJOMB’s Circular 04-04.]

**[Note to Preparer -- Identify each prior-year finding with its prior-year reference number and present in the following level of detail. If there were no findings, state that no matters were reported.]**

### **STATUS OF PRIOR YEAR FINDINGS**

Finding # \_\_\_\_\_

Condition

Current Status